

MINUTES OF THE MEETING
BOARD OF TRUSTEES
CTA RETIREE HEALTH CARE TRUST
200 West Adams Street, 17th Floor, Chicago, Illinois
January 25, 2018

TRUSTEES PRESENT

Thomas McKone	Chairman
Christopher Kasmer	Secretary
Joseph J. Burke	
Ken Franklin	
Keith Hill	
Paul Sidrys	
Sherri Thornton-Pierce	

ALSO PRESENT

John V. Kallianis	Executive Director
Stephen J. Rosenblat	Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd.
Patrick N. Ryan	Fund Counsel, Baum Sigman Auerbach & Neuman, Ltd.
Richard Burke	Wakpamani Bond Litigation Counsel, Burke, Warren, MacKay and Serritella, P.C.
Justin J. Lannoye	Dowd, Bloch, Bennett, Cervone, Auerbach & Yokich on behalf of the ATU Local 241 appointed Trustee
Daniel R. Salemi	Franczek Radelet, PC on behalf of the RTA appointed Trustee
David N. Novak	Jackson Lewis, LLP on behalf of CTA appointed Trustees
Anita Tanay	Jacobs, Burns, Orlove & Hernandez on behalf of the ATU Local 308 appointed Trustee
Miguel Zarate	Investment Consultant, Marquette Associates
Barbara Zaveduk	Actuarial Consultant, Segal Consulting
Dorothy Stawiarski	Benefits Consultant, Segal Consulting
Daniel Levin	Benefits Consultant, Segal Consulting
David Dorfman	Third Party Administrator, Group Administrators, Inc.
Ron Lawlor	Third Party Administrator, Group Administrators, Inc.
Tim Bowen	Insurance Broker, Alliant Insurance Services

CALL TO ORDER

The Chairman called the meeting to order at 10:53 a.m.

ROLL CALL

Roll was taken and a quorum was declared present.

APPROVAL OF MINUTES OF PREVIOUS MEETING

Minutes of the December 21, 2017 Board of Trustees Meeting had previously been distributed to the Trustees. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve the Minutes of the December 21, 2017 Meeting.

SELECTION OF CHAIR AND SECRETARY

The Chairman noted that the Trustees were required to elect a new Chair and Secretary. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That Thomas McKone be elected Chairman.

Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: That Christopher Kasmer be elected Secretary.

GENERAL ADMINISTRATION COMMITTEE ISSUES

The applications for benefits and bills and remittances were reviewed. There were no requests for educational conference pre-approvals. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To approve all applications for benefits and payment of bills and remittances as presented.

REPORT OF INVESTMENT CONSULTANT

Mr. Zarate referred to the Marquette Associates monthly update report dated December 31, 2017. A copy of that report was distributed to the Trustees and is attached and made part of these Minutes. Mr. Zarate directed the attention of the Trustees to page 3 of the meeting book which showed an annual rate of return of 14.8% for the year ending December 31, 2017. He noted that

stocks had driven returns. Non-U.S. equities returned 33.8% for 2017. He noted a minor underweight to fixed income in reviewing the Fund's asset allocation. The starting market value for 2017 was \$754,961,539. The ending market value on December 31, 2017 was \$853,843,063. The market value yesterday, January 24, 2018, was \$874,220,243.85. Mr. Zarate then noted that the Investment Committee would meet on February 8, 2018 to address asset allocation and minority managers. He noted that managers had performed well in 2017. Matarin Capital Management, a small cap core manager, had a difficult year but rebounded in the fourth quarter.

Mr. Zarate advised the Trustees that an Investment Committee meeting is scheduled for February 8, 2018 when asset allocations and minority, women and disadvantaged business investment managers will be reviewed.

There being no further matters on which to report, Mr. Zarate was thanked for his report.

OLD BUSINESS

Regarding the status of the Board's request from the CTA for contributions for ATU apprentices, unrepresented employees and Local 1 iron workers, Mr. Rosenblat reported that the pending lawsuit has been answered by both ATU Locals and that the CTA and Local 1 have been advised to file a responsive pleading prior to the next hearing date of February 27, 2018.

Mr. Kallianis reported on the status of the Legacy data requests for the 2011 through 2016 payroll audit. The Fund office has submitted the requested documentation. Local 241 reported that its payroll documentation is available for Legacy to review. He reported that Local 308 is close to having its data pulled together. Legacy will not begin its field work until all documents are ready to be reviewed.

The HRA implementation update was then addressed. Mr. Dorfman and Mr. Lawlor from Group Administrators were present to give a report. 120 participants have signed up for the HRA. Approximately 30 letters of 600 that were sent out were returned due to bad addresses. Group Administrators and the Fund office are working to get better addresses for those participants. Additional mailings will go out to current employees who are under age 65 and former employees. An additional 29 participants will be turning age 65 by the end of March. Group Administrators and the Fund office are in the process of finalizing mailings to about 11,000 active employees. About 5,000 former employees who are no longer employed are also scheduled to get letters regarding the HRA.

A question was raised about providing participant names to local unions. Discussion then ensued regarding business associate agreements for unions requesting protected health information under HIPAA. Mr. Rosenblat advised the Trustees that he had prepared a business associate agreement and that the information requested is protected health information under HIPAA. Discussion ensued. He was directed to provide drafts of business associate agreements to those requesting information on their members' eligibility for the HRA program.

Ms. Zaveduk then addressed the Segal update on significant dates. A copy of that report is attached and made part of these Minutes. She noted various upcoming dates, including the February 13, 2018 General Administration Committee meeting regarding retiree benefits and educational sessions. The meeting will be held in Segal's offices beginning at 10:00 a.m. Ms. Zaveduk was thanked for her report.

NEW BUSINESS

Mr. Bowen of Alliant Mesirow, the Fund's insurance broker, addressed the Trustees regarding cyber liability insurance. He distributed information on three providers, Beazley, Ullico and Chubb, in addition to general information regarding privacy and network security liability coverage descriptions. Copies of these documents are attached and made part of these Minutes. Mr. Bowen recommended that the Trustees select the Beazley insurance program to be jointly held by the Retiree Health Care Trust and the Retirement Plan. He noted that the notification costs, credit monitoring and call center for up to 50,000 notified individuals is covered by the policy outside the limit of liability of \$1 million. This is a more favorable term than that offered by Ullico and Chubb. Discussion ensued. Mr. Bowen recommended that the premium be divided evenly between the Health Care Trust and the Retirement Plan as the risk seemed equivalent. Upon motion made and seconded, the following Resolution was unanimously adopted:

RESOLVED: To adopt the Beazley cyber liability coverage jointly with the CTA Retirement Plan.

Mr. Rosenblat advised the Trustees that he had discussed with counsel for the Retirement Plan preparing a joint sexual harassment policy. He advised the Trustees that under recently adopted state law, training on that topic would be required as part of the ethics training, but that the state had not yet finalized training materials. New employees or new Trustees would be required to participate in the training within thirty days of their appointment or employment, as the case may be. He anticipated having a policy for the Trustees to consider at the February meeting.

Mr. Burke of Burke, Warren, MacKay and Serritella addressed the Trustees on litigation designed to recover Trust assets lost in the Wampamani bond investment. Mr. Burke's firm is coordinating representation on a number of matters, including a declaratory judgment action

against Hartford Insurance. He reported that there will be hearing on March 16, 2018 on motions for summary judgment. In another case, on April 30, 2018 there will be sentencing in criminal proceedings for some of the perpetrators of the fraud. He also reported on a case pending in South Carolina, subject to a tolling agreement, to recover some of the lost assets from banks and law firms involved in the investment.

Mr. Kallianis also reported that in the materials distributed to the Trustees, there is a memorandum from Alexander Vesselinovitch of the Freeborn law firm which represents the Board of Trustees in the *Williams* and *Hampton* cases. The memorandum was provided to the Trustees for their information. A copy is attached and made part of these Minutes.

ADJOURNMENT

There being no further business to come before the Board, upon motion made and seconded, the following Resolution was unanimously adopted.

RESOLVED: To adjourn the meeting.

The meeting was adjourned at 11:35 a.m.

SECRETARY